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ABSTRACT

The activities of the Children's Television Workshop (CTW) for the Fiscal Year 1973, which ended June 30, 1973, are reported. An open letter from the president of CTW summarizes the Workshop's previous successes, its goals, and its financial situation and difficulties. Following this, the major elements of CTW's research and development laboratory are reviewed. The successes of "Sesame Street", both in the United States and abroad, are noted and details are presented documenting the classroom impact of the "Electric Company." Other topics discussed include the ultimate impacts of the community education services offered by CTW and the extension of the curriculum via other, non-broadcast media. A detailed statement of finances concludes the report. (PB)

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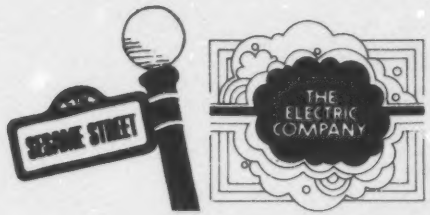
Children's Television Workshop Annual Report 1973

IR 000 240

The Children's Television Workshop is a non-profit corporation incorporated under the New York State Education Law. The Workshop has been a center for the investigation of the applications of television and allied communications tools for education since it was established in 1968. This annual report covers its activities during Fiscal Year 1973, beginning July 1, 1972 and ending June 30, 1973.

Children's Television Workshop Annual Report 1973



President's Letter: Popular Acclaim and Financial Difficulty

As it approaches its fifth broadcast production season, the Children's Television Workshop faces the irony of continuing high level of acceptance and critical acclaim for its two TV shows while at the same time being forced to look for fresh forms of revenue. President Joan Ganz Cooney summarizes the Workshop's goals and financial situation. **page 2**

The Organization: Model Media Laboratory

Here is a sketch of the major elements of this non-profit research and development laboratory. The Workshop's research and community education capabilities are unique among broadcast institutions. In the past year CTW has also created units for possible future projects in adult TV programming, cable television and film and videocassette distribution. Staff, trustees and advisors are listed on the inside back cover. **page 4**

Smiling faces reflect reactions of youngsters seeing TV for the first time. Their responses to the medium were recorded by CTW in a research project in Jamaica.

Sesame Street:
High Acceptance

The experimental series for preschoolers reached an estimated nine million U.S. youngsters in its fourth season (1972-73). New curriculum subjects were added to those already found effective in teaching young children and research projects provided feedback to the producers on the appeal and impact of various components of the series. A special penetration study of low-income neighborhoods in several cities found the program has become "virtually an institution with ghetto children" (see box on page 9). **page 7**

The Electric Company:
Classroom Impact

The reading series, in its second season, reached nearly six million viewers, about half of them in school and the rest at home. A nationwide study by the Educational Testing Service found that youngsters who watched the series made significant gains over non-viewers in the reading skills the show is designed to teach. (see box, page 12). The program became the first classroom show to win an Emmy, the television industry's highest honor. **page 11**

Community Education:
Impact Beyond the Screen

The Workshop's grassroots utilization program reached larger numbers of youngsters, their parents and teachers than ever before. Community Education Services, which attempts to extend the audience and impact of both of the TV shows in low-income communities, consolidated its field service efforts into seven regional operations scattered across the country. Examples of projects they undertake are on page 16. **page 15**

International:
World's Longest Street

The year saw the extension of *Sesame Street* into what one critic called "the world's longest avenue to preschool learning." The original English-language version was seen in 43 nations and territories. Millions of other children in the Spanish-speaking countries of Latin America, in Brazil and in West Germany were viewing original productions based on the *Sesame Street* model. CTW also participated in an international research project in Jamaica on the impact of the medium on first time viewers. And *The Electric Company* made its debut abroad during the year. **page 19**

Non-Broadcast: Extending Curriculum
Via Other Media

The growing list of books, playthings, records and school materials bearing the name of *Sesame Street* and *The Electric Company* passed the 100 mark during the past year. These materials are created by a number of major publishers and manufacturers, in collaboration with CTW, and aim to broaden the range of the TV productions by providing imaginative, low-cost products from which children can learn while they play. **page 25**

Financial Highlights:
Educational Bargains

CTW delivers each of its 130 hour-long *Sesame Street* episodes for less than half a cent per viewer per day, and *The Electric Company's* cost per daily viewer is short of one cent. But traditional underwriters of such experiments are reducing their funding so new sources must be found to meet the Workshop's $17 million operating budget. (A cumulative list of financial contributors appears on page 30, and the auditors' report and financial statements begin on page 31). **page 29**

President's Letter:

Popular Acclaim and Financial Difficulty

The Children's Television Workshop approached its fifth birthday in 1973 as a mature television production organization experimenting on the frontiers of educational technology.

During the past year the Workshop maintained a high standard of quality in its creations. *Sesame Street* continued to enjoy both critical acclaim and popular appeal, particularly among the inner-city audiences for whom it was primarily designed. *The Electric Company*, with expanded classroom and at-home audiences, demonstrated potency as an effective tool in the teaching of basic reading skills. Together these programs reached nearly 15 million young Americans.

Also during the year, the impact of the Workshop extended around the globe. *Sesame Street* was viewed by millions of youngsters on six continents, and versions modeled on the original program made debuts in three other languages in Latin America and Europe. And for the first time *The Electric Company* was seen abroad.

Along with production maturity, public acceptance and educational results, the Workshop grappled with the fact that popular success does not guarantee financial success. This awareness—driven home by gradual withdrawal of financial support by foundations and cutbacks in proposed government appropriations — precipitated some hard thinking about other ways the Workshop, a non-profit institution, might underwrite its educational experiments.

This challenge was not unanticipated. Foundations traditionally underwrite demonstration or "start up" ventures, with no view toward their long-term sustenance, and government monies, particularly those earmarked for "experimental efforts," are subject to the vagaries of annual budgets and appropriations. Within months of the debut of *Sesame Street* in 1969 it was clear that the Workshop had a responsibility to its substantial audience and to the stations carrying the program to keep the series alive and to offer the new and fresh programming that would allow for continued audience growth and continued educational impact. *The Electric Company* has re-

affirmed and underscored that responsibility.

This commitment requires a sizeable financial outlay. But the Workshop believes that this responsibility is not likely to change so long as there is a need for high quality educational television programs.

Against this background, the Workshop has sought to develop new sources of funding from internally generated projects and from previously untapped outside sources. We have taken major steps toward some degree of self-sufficiency. For example, for the past two years the Workshop has worked with a number of manufacturers and publishers to develop educationally-oriented products bearing the *Sesame Street* and *The Electric Company* names. The Workshop's royalties from these products are recycled into support for its educational experiments. Cable television, motion pictures, and school and day care materials are other potential areas of revenues for the organization. At the same time CTW has made a serious effort to control costs, in a period of inflation, by trimming some activities and staff positions and

Joan Ganz Cooney

producing both of its series in a single studio on a year-round schedule.

Even as the Workshop has sought a more secure financial base to support its ongoing programs it has taken on new creative challenges.

One of these is a major new prime time television series on health. The program marks a departure from previous CTW productions in that it is being created for adult audiences, especially young parents. But like earlier CTW productions it will undergo extensive research for appeal and effectiveness before broadcasting actually begins, probably in the fall of 1974. The series is an ambitious attempt to use television on a regular basis to convey information about health in an entertaining way.

The Workshop remains open to other possibilities for application of television and related media for social and educational purposes and will be exploring these during the coming year.

Sesame Street and *The Electric Company* have shown that television is a valid and valuable tool in the learning process. The experience that the Children's Television Workshop has gained over the past five years in the research, production and utilization of these programs has provided a strong foundation for future experiments in TV and other media. It is our intention to build on this experience imaginatively and in such a way that we can help generate sufficient income to maintain the high standards CTW has established and underwrite our substantial social commitment.

Joan Ganz Cooney

Joan Ganz Cooney
President

The Workshop Organization:

Model Media Laboratory

The Children's Television Workshop was created in 1968 to explore ways in which electronic media, principally television, could be used effectively to teach children. It is incorporated in New York State as a non-profit organization and is responsible to a 12-member board of trustees.

The popular and educational success of *Sesame Street* has given the Workshop a number of additional educational opportunities during the past five years. As a result the organization has gradually expanded its activities and its staff has grown to 260 persons on June 30, 1973. They are employed in the following areas:

Production. The largest number of Workshop employees are engaged in the creation of *Sesame Street* and *The Electric Company*. The two shows have attracted some of the top television production talent in the nation, including writers, producers, directors, actors, musicians and studio personnel.

Research. Perhaps the most unusual feature of the Workshop is the built-in research capability that works with the production staff and helps to determine elements of the programs that combine appeal and educational effectiveness. The research team is drawn from experts in the fields of developmental needs of young children and beginning readers.

Community Education Services. The Workshop is engaged in a nationwide grass roots program to promote the widest possible viewing of the TV programs among low-income families, and to encourage the use of the shows as supplemental teaching tools by teachers, schools, students, parents and others interested in early education.

Non-Broadcast Materials. This separate, revenue generating unit oversees the development, production, and marketing of the books, records, magazines, school materials, educational playthings and activity items based on the television programs.

International. CTW works with broadcasters, educators and government officials in many nations in distributing the English-language programs and in developing other programs based on the *Sesame Street* model.

Public Affairs. This division is responsible for public information, show promotion, development activities, and the station and institutional relations functions of the Workshop.

Finance and Administration. Included here are such staff support departments as law and business affairs, accounting, office services, personnel and financial planning.

Future Works. In 1972 the Workshop began planning a TV series on health aimed at a general national audience. A small staff has been engaged in preproduction stages aimed toward broadcast in the fall of 1974.

CTW Communications Inc. In 1972, a wholly owned subsidiary of CTW was organized to explore ways to expand into program-related areas that could generate long-term financial self-support. Its first project is participation in Cablevision Holdings, Inc., a new Hawaiian company that will build the cable TV system for most of the city of Honolulu and the most populous other areas of the island of Oahu. The subsidiary also provides program advisory services to aid in the design and production of CATV origination.

Special Projects. A unit is exploring possible participation and programming for the Workshop in the film, videocassette and disc fields.

Advisors. A 30-member board of advisors works with the CTW staff on many subjects, including curriculum for the television shows, non-broadcast products and bilingual activities.

A complete list of CTW officers, trustees and advisors appears on the inside back cover of the annual report.

CTW shows light up Broadway during production unit's filming of letters, numbers, sight words and sentences on moving news sign on Times Square.

Sesame Street:

High Acceptance

Sesame Street continued to have high appeal to millions of preschoolers in its fourth season. A study by the Daniel Yankelovich organization covered *Sesame Street* viewing in poverty areas of inner-city neighborhoods. The results of the study indicate that "the program has become virtually an institution with ghetto children."

Nationwide evaluations conducted in the early seasons by the Educational Testing Service had established the educational effectiveness of the series. During the fourth season the show continued experimentation inside the context of research studies and the production model, and new developments were integrated in the 130 hour-long color programs for broadcast on more than 230 stations of the Public Broadcasting Service and 50 commercial stations.

On the recommendation of advisors and findings of the Workshop's research staff, *Sesame Street* offered a varied curriculum ranging from letters and numbers to Spanish language elements, with increased attention to black ethnicity and self-pride.

Efforts were made to help preschoolers learn that they can act effectively on their own behalf by actively experimenting, asking questions, and practicing, remembering, planning and imagining.

Also this year, young viewers were encouraged to develop positive social attitudes in their behavior and for the first time sight words in Spanish were introduced. The two primary objectives of *Sesame Street's* bi-lingual and bi-cultural curriculum are to reinforce cultural identity and self-pride in viewers from Spanish-speaking backgrounds.

Research: Formative, or operational, research was conducted during the year by the CTW staff which supplied feedback from viewers and suggestions for the producers and writers on ways the educational impact of the show might be enhanced. Examples included: (1) a character study designed to find out more about the appeal and attributes of various characters on the program, (2) a study to identify workable approaches to problem-solving through the "Wally and Ralph" segment, (3) creation of research methods to assess attention and comprehension, (4) monitoring the viewing habits of Spanish-speaking youngsters to determine the effectiveness of various bi-lingual curriculum goals.

The combined goals of *Sesame Street* have worked toward helping preschool children make the transition from home to school by teaching cognitive skills, and in the past season CTW began working on new programming designed to teach social behavior. For the researchers this meant, among other things, formative research on curriculum goals in the area of affective skills, pertaining to emotions and feelings. One example was a study on the social goal of "cooperation" conducted by the research and production staffs with a research group in Oregon. First results of the study suggested that a sample of children from the Pacific Northwest learned cooperative behavior through experimental segments included in *Sesame Street* shows.

Performers: The cast of children, puppets and grownups welcomed two new characters to the heterogeneous street —an overconfident robot named Sam and a number enthusiast named Count von Count. The computerized robot provided a new comic element and a lesson in machines and how humans control them. Count von Count, a new puppet, is a compulsive counter with no evil intent despite his Dracula-like appearance. The regular host contingent diminished from ten to seven: members for the fourth season included Loretta Long (Susan), Bob McGrath (Bob) and Will Lee (Mr. Hooper), from the original cast, plus Northern Calloway (David), Sonia Manzano (Maria) and Emilio Delgado (Luis). Harold Miller assumed the role of Gordon, which was originated by Matt Robinson.

A swinging Big Bird gets a pointer from Emilio Delgado ("Luis") in this segment from the preschool series. Sesame Street *was watched by an estimated 9,000,000 youngsters during its fourth season.*

Honors: The program collected tributes at home and abroad. *Sesame Street* won its sixth Emmy, the most prestigious award in U.S. television, for outstanding achievement in children's programming. This year *Parade*, the mass circulation Sunday supplement, asked parents to report on their children's favorite shows, and found *Sesame Street* and *The Electric Company* ranking first and second in the children's preferences. CTW also received a certificate of honor from Lesley College, a respected Massachusetts school, in recognition of its "innovative contributions to early childhood education through the highly creative productions of *Sesame Street* and *The Electric Company* . . ."

Audience: During the 1972-73 season, *Sesame Street* was watched by an estimated nine million preschool youngsters in the U.S. and continued to develop its worldwide following through showings of the original version and foreign-language counterparts in more than 50 countries and territories (See page 19).

Public television stations are enhancing the program's availability, with the majority broadcasting episodes twice daily and many of them featuring block repeats on weekends.

The combined goals of *Sesame Street* had in the first seasons worked toward helping preschool children make the transition from home to school by teaching cognitive skills. In later seasons, increasing attention was given to production and testing in the area of social behavior. In a unique research study conducted by three educational consultants (F. Leon Paulson, D. Lynn McDonald and Sherrill L. Whittemore) together with the *Sesame Street* production and research staffs, tests were devised on social goals programming via television, an area previously unexplored. The social goal of "cooperation" was chosen for study.

New characters on the street included a number-conscious puppet named Count von Count, who is practicing his favorite pastime with Harold Miller, who assumed the role of Gordon.

■ Education agencies and institutions in many communities work with CTW to broaden the educational experiences of preschoolers, elementary school students and college students. Some samples: Dilenowisco Educational Cooperative, a federally-funded Appalachian agency serving Southwest Virginia, adopted *Sesame Street* as the main supplemental teaching device for a special project for preschoolers involving a mobile classroom manned by certified teachers, teacher-aides and paraprofessionals, who work with youngsters and their parents in their homes. CTW and the Edgewood Independent School District, San Antonio, Texas, cooperated on a classroom viewing project in ten schools heavily populated by Chicano youngsters. Parochial schools in New Orleans, with the help of CES staffers, are using in-school viewing of *The Electric Company* as an education resource for teachers and students in elementary schools. Jackson State College students earn college credits by knocking on doors of parents in the Mississippi capital and urging mothers to use *Sesame Street* to help their children. The students also assist in running day care centers on a volunteer basis. Using a vehicle donated by Mississippi for Educational Television and fitted by CTW with the latest audio-visual equipment, the Workshop is taking *Sesame Street* and *The Electric Company* to children in rural Mississippi who are unable to view the shows on a regular basis because of inadequate TV sets or poor reception. The vehicle traveled 10,000 miles during the past year, enabling some 6,000 children—plus parents, teachers and teenage and adult volunteers—to watch the program.

Above, a teacher engages preschoolers in a Sesame Street *game in a day care center in Lewistown, Pa., where CTW staffers held workshops for teachers, county welfare workers and day care center employees. Below, youngsters and adults participate in word activity after watching* The Electric Company *in an inner-city home in Washington, D.C.; the viewing center was organized by a mother with the help of CTW coordinators.*

The Electric Company:

Classroom Impact

In its second season on the air, *The Electric Company* proved to be effective as a teaching tool with high appeal to its target audience (seven to ten year olds) as well as to preschoolers.

An evaluation prepared for CTW by the Educational Testing Service found that children who watch *The Electric Company* made significant gains over non-viewers in the reading skills the show was designed to teach. (See box.)

The program is viewed in one out of every three elementary schools in the U.S., according to a nationwide in-school audience study, designed by Dr. Robert E. Herriott and Dr. Roland J. Liebert. "If only in terms of the speed and scope of penetration of elementary schools of all kinds *The Electric Company* must be considered a highly successful venture," concluded the authors.

The series of 130 half-hour color programs was seen daily during the year on the more than 230 stations of the Public Broadcasting Service. Most of these stations broadcast the series twice daily, making programs available to classroom users during the school day and to at-home viewers during the late afternoon or early evening.

Audience: The show was seen by an estimated six million children in the U.S., an audience that is 50 per cent above that for 1971-72, the program's first season. According to A. C. Nielsen Co. audience measurement studies of the at-home viewers for the program, a daily average of 2,400,000 households turned on the series during the week studied. A substantial number of the 2,800,000 children watching the show daily at home are preschoolers, according to the Nielsen study.

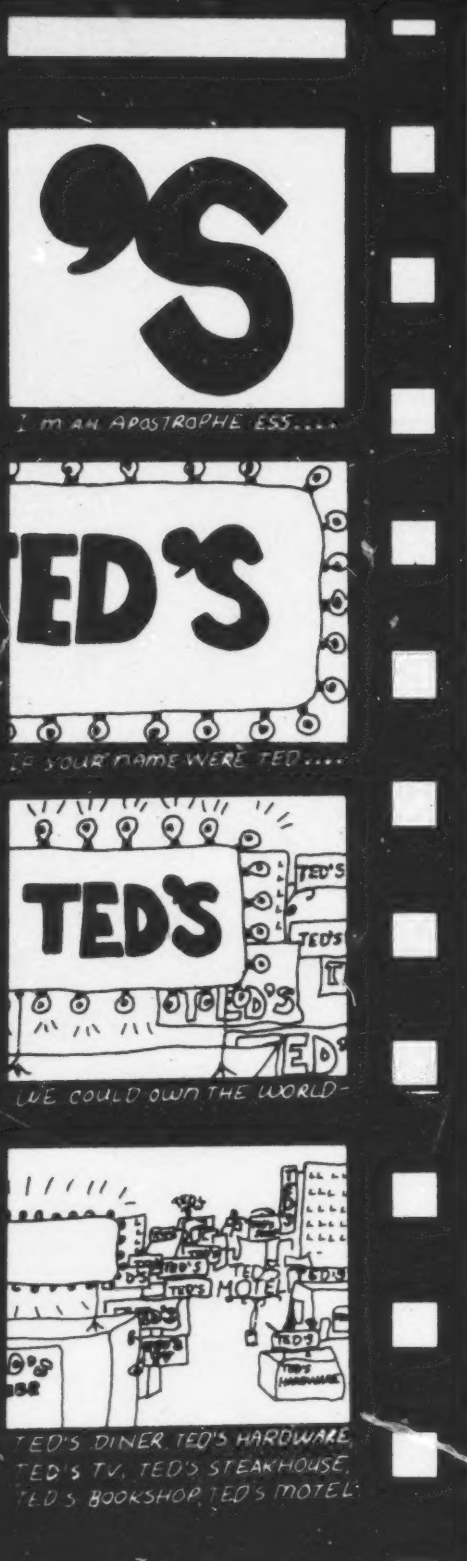
Additionally, an estimated 3,000,000 grade school children are watching the show regularly in their classrooms, according to Workshop estimates based on the second season nationwide Herriott-Liebert survey of school usage. According to that report, 34 per cent of all elementary schools in the U.S. are using the series, a jump of nearly 50 per cent over the comparable figure for the same period in the first season, when nearly 23 per cent of all elementary schools tuned in. The researchers also found that within two months of *The Electric Company's* introduction it was used by an estimated 45 per cent of the elementary schools in the U.S. having full TV capabilities. In large cities, the show was being used by an estimated 70 per cent of all schools that were fully equipped to receive it.

A nationwide survey of teachers using *The Electric Company* as part of their curriculum provided another index of the show's acceptance. More than 80 per cent of the teachers said some gains were made in the reading skills of children who viewed the show. One-third of the teachers reported "great improvement" in their pupils basic sight vocabulary as a result of viewing.

The Electric Company also developed a solid following among preschool children in low-income neighborhoods, according to the survey (see page 9) conducted by the Daniel Yankelovich organization in New York's East Harlem and Bedford Stuyvesant areas and in poverty areas of Chicago and Washington, D.C. In Washington, 23 per cent of the two-to-five year olds have watched the show. The percentage of viewers in this age bracket ranges up to 55 per cent in New York and 66 per cent in Chicago.

Curriculum: The curriculum of *The Electric Company* is integrated into the program through comic vignettes, animation, electronic effects and music. A variety of methods or reading instruction is employed—this "cafeteria" approach enables teachers to use the program in a way that supplements their particular techniques and gives

Electric Company cast puts words, music and versatile acting together to teach basic reading skills. Cast includes Luis Avalos, Jim Boyd, Lee Chamberlin, Bill Cosby, Morgan Freeman, Judy Graubart, Skip Hinnant and Rita Moreno, plus a teenage rock group called "The Short Circus."



viewers numerous incentives and reading strategies.

In the show's second season more sight gags, more visual methods of presenting print on the screen, and a more relaxed format were incorporated into the shows. The program endeavored "to teach more by teaching less." As a result, the amount of print that appears on screen during any show was reduced to create a less intense experience for the viewer. The program also expanded its blending notion to include syllables. In that way, a word such as "cat" can be treated as a group of letters and as a syllable unit in a larger word such as "catnip."

Such changes resulted from formative research during the first season which provided direct feedback to the production staff about audience appeal and effectiveness of various elements of the program. *The Electric Company* researchers undertook several new in-house studies during the second season. These included: (1) a study to find out whether young viewers comprehend show segments in the way the segments were designed to teach them, (2) an eye movement project to find ways in which print can be presented on the screen more effectively, and (3) an observation of ways in which *The Electric Company* is used in different class-

GAINS ACHIEVED

A year-long investigation and evaluation prepared for CTW by the Educational Testing Service, the non-profit educational measurement and research organization, found that children who watched *The Electric Company* in their classrooms during the inaugural 1971-72 broadcast year made significant gains over non-viewers in the reading skills the show was designed to teach.

The study showed that television can be an effective tool in helping school children in the first through fourth grades learn to read. Among the findings in the study:

- The program was an effective instructional supplement for children who were beginning to experience reading difficulty, particularly its target audience—second grade children who were in the bottom half of their class as indicated by standardized reading test scores.
- The program also was successful in first-grade classes that viewed in school. The first graders were not among the primary target audience for whom the program originally was designed.
- The program had a significant impact on third and fourth grade classes that viewed in school although the effect was somewhat less than in the lower grades.
- The program was successful in producing gains for first and second grade classes across almost all of the 19 major curriculum areas built into the program and tested in the ETS study. Some positive effects on a section of the standardized Metropolitan Achievement reading test were also found.
- The program had a similar effect on all groups who viewed in school—Spanish background, blacks, whites, boys, and girls.
- The program won a generally favorable reaction from teachers who found it useful in teaching and reviewing certain reading skills.

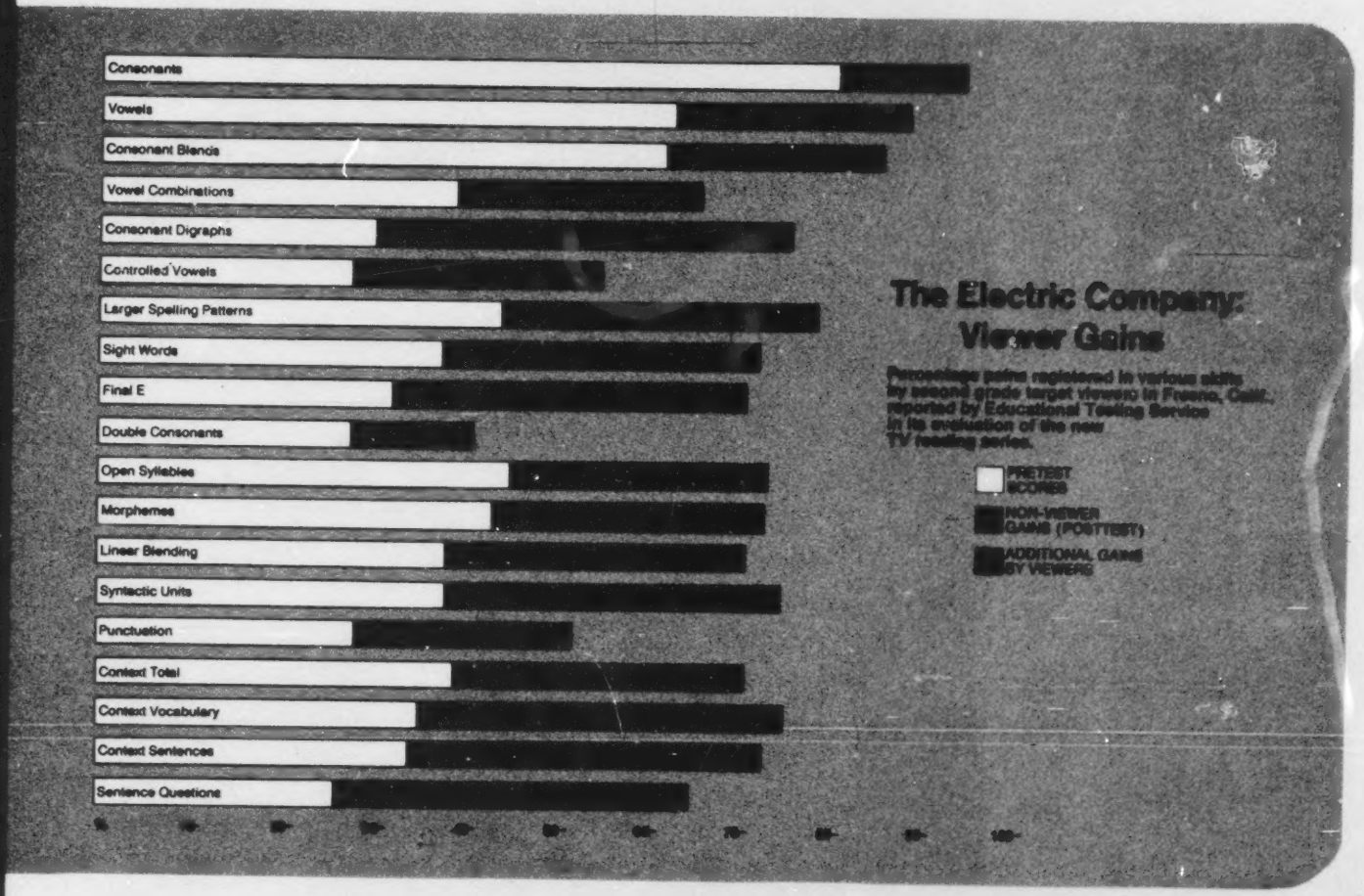
Animated film is used extensively to impart lessons on The Electric Company, *as in this sequence designed to teach a punctuation mark.*

rooms to find out ways the series might be modified to enhance its impact and use.

A new feature of the series titled "A Very Short Book," parodies such childrens' stories as "Jack and the Beanstalk" and "Sleeping Beauty." Children follow the words of each story as they are shown on screen. Familiar illustrations are replaced by live action, as *Electric Company* characters act out the comic material of each story.

Honors: *The Electric Company* became the first television show widely used in the classroom to capture an Emmy. The work of head writer Tom Whedon and his staff of six was recognized by the National Academy of Television Arts and Sciences when it presented its award for outstanding achievement in children's programming. The experimental reading series also received the oldest and one of the most prestigious educational honors in broadcasting, the Ohio State Award, given for meritorious achievement in educational television programs. The animated film industry has honored several films produced for *The Electric Company*. Asifa-East, an East Coast animation awards competition, gave two first and one second prize awards to *Electric Company* films.

Performers: The repertory company expanded to eight members in the second season. Luis Avalos, the newcomer, joined Jim Boyd, Lee Chamberlin, Bill Cosby, Morgan Freeman, Judy Graubart, Skip Hinnant and Rita Moreno. "The Short Circus," a teenage rock group, was used more extensively in a number of skits with the cast in addition to its musical work.



Community Education:

Impact Beyond the Screen

The Workshop's Community Education Services Division reached larger numbers of youngsters, parents and teachers than ever before. CES has more than doubled its 1971-72 coverage area mainly as a result of a consolidation of its 14 field services offices into seven regional operations, the creation of an extension services unit to work in communities outside the coverage area of the regional offices, and the work of a new program development department in building project models for aiding organizations and institutions interested in using either *Sesame Street* or *The Electric Company*, or both, as an integral part of educational programs (for examples, see box, page 16).

Community Education Services reaches out to young viewers in poor communities, helps provide viewing opportunities where they are limited, encourages parents to use the TV shows as a means of becoming involved in their children's education and promotes the Workshop's series as supplemental teaching resources.

Happy youngsters respond to Harold Miller (Gordon) during a performance by the Sesame Street *cast at New York State's Willowbrook School for mentally retarded children. Live shows give children a chance to interact directly with cast members and serve to reinforce CTW's unusual grass roots utilization work.*

Field Services: The reorganization of the national field services effort to encourage children to be regular viewers of the two educational television experiments has enabled CES to place increased emphasis on working with schools, parents, regional and local organizations and neighborhood groups in communities served by difficult-to-tune UHF (ultra high frequency) channels.

This is the new regional office and field structure:

West Coast & Pacific: This region covered by the Los Angeles-based field services office includes California, Nevada and Arizona. Oregon and Washington are served by a San Francisco-based coordinator.

Southwest: Communities in Texas, Oklahoma and New Mexico are being reached by the Dallas office.

Midwest: Field services activities in Michigan, Ohio, Indiana and Illinois are conducted by a Detroit-based staff.

South: Efforts in Mississippi and Alabama are coordinated through the Jackson regional office, while another coordinator based in New Orleans serves Louisiana, Florida and Georgia.

Appalachia: An office in St. Paul, Va. serves Virginia, West Virginia, Kentucky, Tennessee and North Carolina.

Mid-Atlantic: A Washington office is responsible for operations in the District of Columbia, Maryland, Delaware and Pennsylvania.

Northeast: The Boston office is supported in its efforts in Massachusetts, Connecticut, Rhode Island and Vermont by the extension services unit in New York.

By early 1973, 23 field services staff members were working in these areas to build the viewing audience of both *Sesame Street* and *The Electric Company* and to maximize the impact of both series among the youngsters.

This effort, which began as a utilization experiment conducted in conjunction with 12 public television stations, has developed into an innovative community level program.

For example, coordinators help neighborhood groups and community associations create special viewing centers where children not enrolled in preschool programs can view *Sesame Street* and participate in post-show activities that reinforce the program's educational content. They also establish partnerships with educational institutions, regional organizations and local associations involved in early childhood education to open more avenues to learning, work with parents to outline ways in which they can help teach children via the TV shows, and orient teachers and paraprofessionals in the curriculum and educational goals of the programs.

Program Development: The grass roots utilization work is augmented by live cast performances, and through the program development department, which helps national and regional organizations, educational institutions and other groups to develop and implement projects that use *Sesame Street* and *The Electric Company*.

For example, this department helped the Girl Scout Association undertake a model tutoring effort in New York using *Sesame Street* to involve Girl Scouts to teach three-to-five year olds. The project is scheduled to be expanded to include other Girl Scouts groups across the country.

Another project was a three credit course dealing with the use of television as an educational tool in the home and in school and focusing on the CTW experience; it attracted 51 students at the City College of the City University of New York.

During 1972-73, an estimated 150,000 youngsters and their parents jammed civic arenas, athletic centers and other urban locations to sing-along and cheer their favorite *Sesame Street* personalities in live performances. Altogether more than 600,000 children in 24 cities have seen such appearances in the past three years. These performances are arranged by CES to focus public attention on the educational value of the program, to enable the preschoolers to interact with the cast and to highlight Workshop efforts to get parents involved in their children's education.

IN THE COMMUNITIES

CES developed numerous projects for a variety of educational institutions and agencies, national and community organizations and governmental bodies, and helped in their implementation. Here are several examples:

■ CTW, the school board and the public assistance agency in Mifflin County, Pa. are partners in a special education project promoting increased use of *The Electric Company* in area schools and encouraging wider at-home viewing of *Sesame Street* by preschoolers and their parents. Seventy teachers in this predominantly low-income rural area include regular classroom viewing of the reading series to help teach reading skills to a total of 1,750 elementary school students. Case workers from the county's Board of Assistance encourage their clients to watch *Sesame Street* with their children and to conduct follow-up activities to reinforce the programs' goals. CES familiarized teachers, case workers and day care center employees with the curriculum aims and teaching techniques of both TV series.

■ After a successful 1971 summer program involving Neighborhood Youth Corps enrollees as tutors for preschoolers with the aid of *Sesame Street*, the U.S. Department of Labor's Manpower Administration turned to CTW's Community Education Services to help run a larger program in 1972. Some 7,000 high school students were employed to tutor more than 70,000 preschool children in day care and Head Start centers and in special viewing centers established in libraries, public housing projects, private homes, storefronts and community centers. Spurred by the results of the previous tutoring projects, 20 local governments sought CTW's assistance for summer projects in 1973.

■ CTW's operations reached increased numbers of Spanish-surnamed youngsters, their parents and teachers. CES is working with educators, parent-teacher groups, community organizations and others interested in the education of Latin children throughout the country encouraging the use of both shows as supplemental teaching devices in the teaching of English.

■ Municipal agencies work with CTW to bring education, through the use of *Sesame Street*, to preschoolers. In St. Louis, the Mayor's Council on Youth undertook a city-wide neighborhood level project for preschoolers centering around *Sesame Street* viewing and post-show reinforcement activities in day care and Head Start centers. CES staffers taught paraprofessionals to use the experimental TV series as a teaching supplement. Elsewhere, field services staffers helped the Jackson, Miss. police department with a tutoring project using *Sesame Street*. The police use community centers in low-income neighborhoods as classrooms and a team of CES-trained policemen and counselors tutor 300 children who show up for daily activities. Workshop staffers have trained employees of many of the city day care centers in New Orleans in the use of *Sesame Street*, enabling them to utilize the show in their daily teaching.

■ CES has joined with several national organizations in projects offering educational opportunities, particularly to poor youngsters. For example: The National Federation of Settlements and Neighborhood Centers and CES launched a nationwide project to stir increased parental involvement in early childhood development by encouraging the federation's 400 affiliate neighborhood centers to incorporate the television shows in their educational programs. . . . The National Urban League includes *Sesame Street* in its program to provide poor parents with the skills to help teach their children in their own homes . . . The American Optometric Association auxiliary runs a national campaign named "Open Sesame" to promote better vision among young children. It seeks to collect new or rehabilitated TV sets for 6,000 non-profit day care centers attended by about 250,000 youngsters. CES is helping to identify needy day care centers for the TV set campaign and members of the National Electric Association check all donated sets for safety.

In the fall of 1971 the study began to research the question: Do three and four year old disadvantaged, inner-city children who view *Sesame Street* regularly in a day-school setting learn to cooperate more than comparable day-school children who do not watch *Sesame Street* in that setting? Results were compiled from 188 children who completed the tests—all inner-city three to four year olds who attended 10 day care centers in Portland, Ore. and Seattle, Wash. The final sample of 78 children ranged in age from 2 to 5 years. Fifty of the children were black; 46 came from homes where only the mother was present, and at least 46 from low-income families.

The findings showed that cooperative behavior was taught on television through segments shown on *Sesame Street* during 1971-72. Children who viewed the show behaved more cooperatively than non-viewers when placed in situations similar to those they had observed on the show. The "view" children were better able to recognize a cooperative solution to a problem they had seen on the show. Children in the "view" group chose the correct response nearly twice as often as did children in the non-view group. The study provided CTW with a great deal of information that should lead to even more effective social goals programming.

Production Schedule: In a move to cut production costs, CTW consolidated the production of its two series in a studio on Manhattan's Upper West Side. In June, the first of the new season's *Sesame Street* productions were completed and the cast and staff of *The Electric Company,* who in past years had worked in an East Side studio, took over the facility to begin work on that program's third season.

INNER-CITY APPEAL

A special survey conducted by the Daniel Yankelovich organization found that the inner-city audience of *Sesame Street* continued to grow four years after the series was introduced. The survey, the third made for CTW by Yankelovich, was conducted in New York's East Harlem and Bedford Stuyvesant areas and in poverty areas of Chicago and Washington, D.C.

"In all categories the results were favorable," the survey reported. "Indeed, on the basis of other similar studies, we might well by now have anticipated a leveling off or decline in *Sesame Street* viewing. Instead, the program has become virtually an institution with ghetto children."

In Washington, the *Sesame Street* audience has doubled since 1970, which is a significant increase given the relatively hard-to-dial UHF channel on which the series is seen. In Chicago, some 97 per cent of preschoolers in these target audience areas were listed as regular viewers and the figures were equally high in New York's East Harlem and Bedford Stuyvesant areas where 94 and 92 per cent of preschoolers were discovered to be regular viewers.

The survey was conducted only in households having one or more children between the ages of two and five at home during the day and with a working TV set. Homes with preschool children were surveyed, with mothers or other older persons reporting on their viewing habits (compared here with Yankelovich samplings of viewer size in the same areas in 1970 and 1971).

Penetration	1973	1971	1970
Bedford Stuyvesant	92%	77%	90%
East Harlem	94	86	78
Chicago	97	95	88
Washington, D.C.	67	59	32

bet

International:

World's Longest Street

Sesame Street and its counterparts overseas have developed into favorite programs for young children around the world.

By the summer of 1973, the original English-language show, described by a critic as "the world's longest avenue to preschool learning," was being seen regularly in 43 countries and territories around the globe. Millions of other children in Germany, Brazil and Spanish-speaking countries in Latin America were also viewing original productions based on the *Sesame Street* model. They are *Plaza Sesamo* in Spanish, *Vila Sesamo* in Portuguese and *Sesamstrasse* in German.

Sesame Street is considered by many to be a positive demonstration of the effective use of the television medium as a teaching aide.

Although developed as an experiment to appeal to American children, the highly entertaining approach to learning has not only lowered many sensitive national barriers but has evoked overwhelmingly favorable reaction from educators, television producers and, most importantly, the children themselves.

Hosts for Plaza Sesamo, *the Spanish-language counterpart of* Sesame Street, *include, from left: Maria-Luisa, Abelardo (a Latin counterpart to Big Bird) and Rosita. The series made its debut in Puerto Rico in late 1972 and in Latin America in 1973.*

CTW feels that although it has amassed a considerable amount of information and expertise in the use of the television medium as an educational tool, it could not assume that this knowledge, skill and teaching aid was suitable for all cultures. Thus, if foreign educators considered them appropriate for their countries, the original version would be made available at their request.

The list of countries and territories carrying *Sesame Street* ranges from Pago Pago to Iran and from Liberia to New Zealand.

Also on the list is the United Kingdom where the series was being seen regularly over commercial channels covering more than half of the country including London.

Typical of the reaction from much of Britain and other parts of the world where the show was being broadcast was a London Times editorial page essay by Nigel Lawson, former editor of the respected conservative intellectual journal, The Spectator, who wrote: "I have little doubt that Sesame Street is the most important programme ever to have been shown on television . . . it is in its way a minor miracle."

Educators from around the world also found that *Sesame Street* was indeed unique. The International Commission on the Development of Education cited *Sesame Street* as "The most important audio-visual experiment aimed at preschool children so far." The commission, headed by Edgar Faure, former Prime Minister and Minister of Education of France, was established by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 1971.

A team of educators of the Hebrew University of Jerusalem reported in a study in September, 1972 that five-year-old youngsters of low socio-economic background had registered gains after watching *Sesame Street* for a few months. Also two researchers of the Flinders University of Australia concluded in March, 1973 after a study among a group of *Sesame Street* preschool viewers in Adelaide, that Australian youngsters who watch the show regularly gain more than those who watch less frequently.

These findings are similar to the conclusions of the Educational Testing Services of Princeton, New Jersey after two years of studying the educational impact of *Sesame Street* in the U.S.

Original Productions: By mid-1973, three original experimental series that make use of the *Sesame Street* model but that reflect the linguistic, educational and cultural values of the countries for which they were created and produced were being broadcast in Latin America and West Germany.

The programs are: *Plaza Sesamo*, produced in Spanish in Mexico City for Spanish-speaking youngsters in Latin America, which is being seen daily in seven Western Hemisphere nations,

plus Puerto Rico; *Vila Sesamo*, produced in Portuguese in Sao Paulo for an estimated 11 million Brazilian children and *Sesamstrasse*, produced in Hamburg and now being broadcast in Germany.

Funding for the production of both the Spanish and Portuguese-language versions came in part from a grant from Xerox Corporation.

Plaza Sesamo: The first of the foreign language versions of *Sesame Street* was produced in 130 54-minute episodes. It made its debut in November, 1972 in Puerto Rico and early in 1973 in Mexico, Colombia and Ecuador. The show is now being broadcast daily in several other Spanish-speaking nations, including Argentina, Chile, Costa Rica, El Salvador, Guatemala and Panama.

Academic advisors from throughout Latin America were consulted on the curriculum goals and general content of the series before it went into production last year in Mexico City. Latin writers, producers and actors created the program which uses some cartoon and puppet material from the U.S. original.

It's setting is a typical Latin neighborhood center, and its human characters include a mechanic and his wife who run a child day care center, a shopkeeper and a student nurse.

Within weeks of its launching in Mexico, *Plaza Sesamo* became the most popular daily hour-long program with a 21.8 rating. It nosed out two perennial favorites, an adult game and variety show ("Sube Pelayo, Sube") and the top-rated Mexican national news program ("24 Hours"). The series is seen twice each day in Mexico City and once a day elsewhere throughout the country.

Children and adults were enthusiastic. Some 10,000 parents and children turned out to see the cast perform in Mexico City's Alameda park only a week after the show went on the air. Critical reaction was immediate and positive: El Heraldo de Mexico, a leading newspaper in the capital, said that *"Plaza Sesamo,* a program which begins a new period in Latin American television, is a complete success." A Mexico City TV critic enthused: "A stupendous program . . . one of the best presents that children have received from TV."

In Ecuador, El Telegrafo, the nation's largest daily newspaper, said of the Spanish-language series: ". . . in this age of electronic pictures and miracles, a marvelous door opens to deliver the unequalled treasure of education and easy learning of the ABC's and numbers, in the original, beautiful, entertaining and exciting manner, to astonished eyes and ears of children—*Plaza Sesamo.*"

A more subdued reaction came from Chile's Ultimas Noticias, the second largest newspaper in the country. It commented: *"Plaza Sesamo* would seem to fill an important gap, and as time will tell, will be an important contribution for the little people of our country."

The first real demonstration of the program's effectiveness came in April, 1973 with the results of testing on low income families in Mexico City. The rigorously controlled test, conducted under the direction of Dr. Rogelio Diaz Guerrero, director of the Center for Research in Behavioral Sciences in Mexico City, showed that youngsters who watched the first seven weeks of the show outperformed non-viewers. This was one of several formative research studies on *Plaza Sesamo* financed by the Ford Foundation.

Vila Sesamo: The 55 minute daily Portuguese-language version, *Vila Sesamo,* first went on the air in October, 1972 and set new records for acceptance and impact.

Within weeks of the show's premiere its popularity was so widespread that Garibaldo, the Brazilian equivalent of Big Bird, won a louder ovation than Santa Claus when both were introduced at half-time of a major Rio soccer match. Garibaldo also pulled a number of write-in votes for public office at a local election in Sao Paulo.

Brazil's top educational officer, Jarbas G. Passarinho, Minister of Education and Culture, wrote the program's Brazilian producer soon after the series went on the air: *"Vila Sesamo* represents an excellent instrument of preschool education which is of great value and power in the field of communications." The education minister praised the program for the "variety of its offerings, for the charm of its characters, for the quality of its dialogue, and for the appropriateness of the topics with which it deals."

The series is being seen in 18 Brazilian states and has received two awards singling it out as the country's best TV offering. The Helene Silveira Award, the Brazilian equivalent of the Emmy, went to the show itself as the

New versions of *Sesame Street* proved popular in Brazil and Germany. The cast for *Vila Sesamo*, the Portuguese-language program, is shown above in the Sao Paulo studio where the series is produced. Sonia Braga, at right, was named best TV actress of the year in Brazil for her performance as a host on the show. In Germany, *Sesamstrasse* was produced in Hamburg and premiered in January, 1973. It received widespread public attention as a pioneering educational TV show, including cover stories in the two magazines at left.

best new educational program on the air, and to the series' feminine lead, Sonia Braga, as the top actress of the year.

As with the Spanish version, Brazilian educators and early childhood experts advised the program's producers in the development of curriculum. The program is a co-production of TV Globo, in Rio de Janeiro, and the educational television station TV Cultura, in Sao Paulo.

Sesamstrasse: The German-language version went on the air in January, 1973 and is seen twice daily throughout northern and western Germany. It bears the closest resemblance to the U.S. original—puppet and cartoon sequences from the American show are dubbed into German, and "street scenes" featuring Big Bird and Oscar and the integrated cast are also used. The German producers added "social learning" sequences in the half-hour program. Hamburg's NDR is making the German-language version.

German awareness of the *Sesame Street* series began in 1970 when an episode was shown at Munich's Prix Jeunesse, the major European children's TV festival which draws entries from around the world. The jury awarded *Sesame Street* a special prize and within months the English-language version was being broadcast throughout Germany, aimed at high school students studying the language.

Early reaction to the program was reminiscent of the first year in the U.S.: the country's leading news weekly, Der Spiegel, featured Ernie and Bert on its cover in March, and devoted a 14-page story to the TV phenomenon, calling the series "the super show of the season."

Some wonderment was expressed by a more conservative publication: "In Germany, learning and laughing never belonged together. Work and play were always in conflict. Shall that be changed all of a sudden?" asked the Frankfurter Rundschau.

Fans have also been heard from. Former West German Science Minister Hans Leussink is quoted as calling it "so far the most successful TV contribution to preschool education." Munich preschool expert Jurgen Zimmer calls *Sesamstrasse* "the great revolution in TV programs for children."

Future Versions: Other foreign language productions are under study. For example, a French language pilot was produced in late 1972 in cooperation with the Workshop with an eye toward developing a series that could be used by French-speaking areas of Africa and the Americas as well as in metropolitan France. Japan, which has seen the English-language version for nearly three years on its national network, NHK, is another possibility for a local language version.

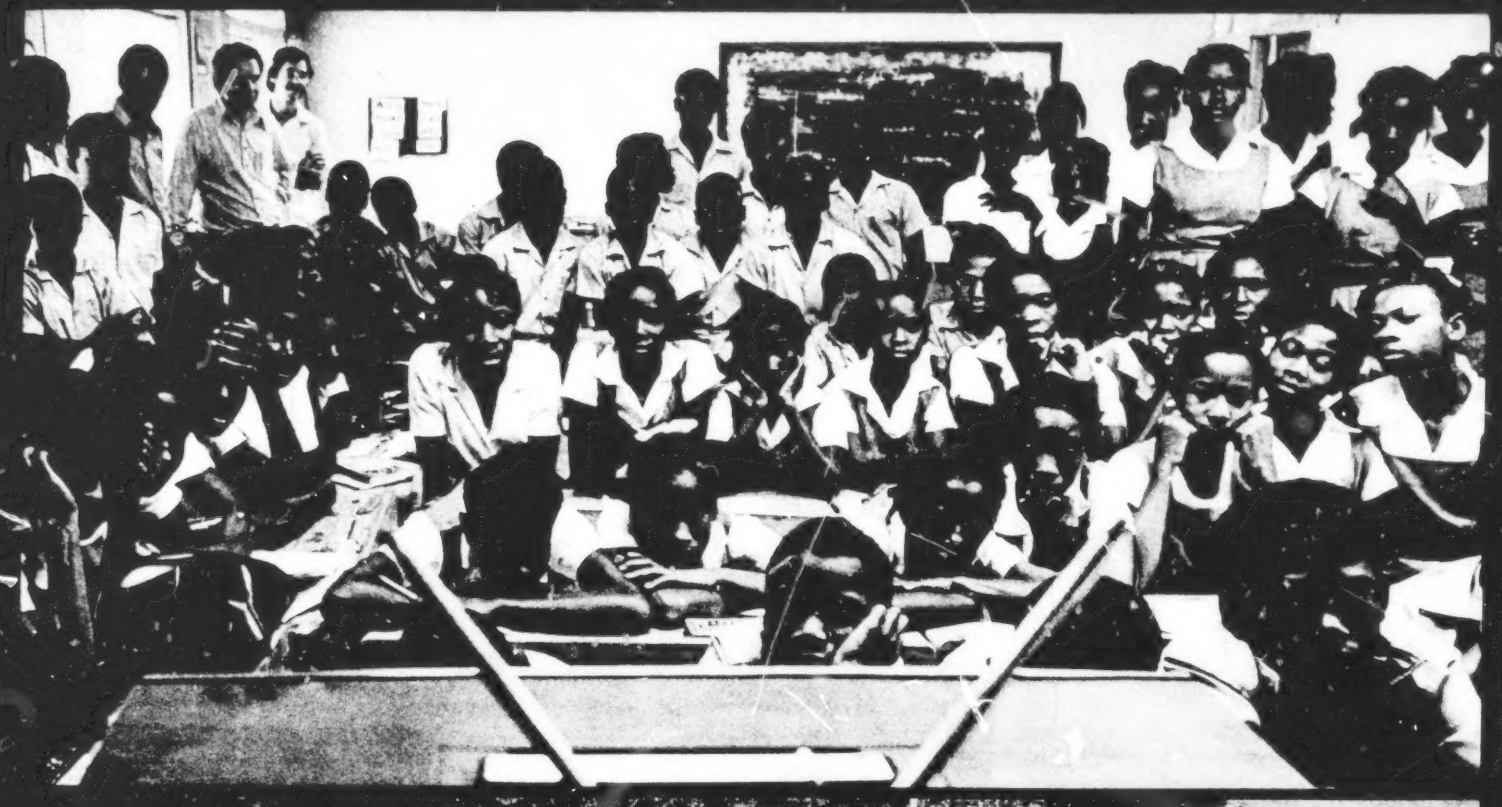
The Electric Company Overseas: *The Electric Company* made its debut outside the U.S., first in Jamaica and the other Caribbean countries of Trinidad and Tobago, Antigua, Bermuda and Barbados, plus Saudi Arabia and Gibraltar.

Early in 1973, a group of students from the State University of New York at Stony Brook flew to Jamaica to work for four months as volunteer teachers preparing hundreds of Jamaicans to act as literacy tutors using *The Electric Company* as a supplemental teaching tool. The government-sponsored campaign aims to reach 500,000 people in four years.

The Electric Company also enjoyed a "premiere" of sorts behind the Iron Curtain. When the U.S.S.R. women's gymnastic team flew home in late March from a triumphant tour of seven U.S. cities, they took with them a prized possession of their visit: a film print of an *Electric Company* episode.

SEEING TV FOR THE FIRST TIME

Youngsters in Jamaica responded to their first exposure of the medium through *Sesame Street* in an unusual research project. A team of international researchers, working with Jamaican educational broadcasting officials, undertook a special study to assess the impact of TV and its potential educational value among children who had never before been exposed to the medium. By means of mobile videocassette systems made by Japan's Sony Corporation and power generated from a light Jeep-like vehicle made by another Japanese firm, Suzuki, a Harvard University team took *Sesame Street* to remote mountain villages to test the reaction of first-time viewers. The results are being analyzed at Harvard by the staff of the Center for Research in Children's Television. The center is a joint undertaking of Harvard's Graduate School of Education and CTW.



New CTW products include a word-and-sentence matching machine based on The Electric Company *and a mini-marble computer that can show letters and numbers. Catalogue at right reflects growing number of CTW educational materials now available.*

Non-Broadcast:

Extending Curriculum Via Other Media

The shopping list of books, playthings, records and school materials that bear the *Sesame Street* and *The Electric Company* names, and created by a group of carefully selected manufacturers and publishers in collaboration with CTW, reached 100 items over a three-year period.

This growing number of CTW materials reflected the Workshop's desire to broaden and reinforce the curriculum of its TV productions by creating materials that children can learn from while simultaneously helping the organization to finance its educational objectives.

A new line of educational materials inspired by *The Electric Company*—ranging from pop-up adventures and books of riddles, jokes, words and rhymes to a toy that requires players to match pictures with words and sentences—was introduced. By the summer of 1973, ten products based on the reading series had been created.

Through mid-1973, licensees had sold 32 million units of Workshop products—21 million *Sesame Street* books, 9 million puppets and other playthings and 2 million records.

CTW's Non-Broadcast division, which in the future will be known as the CTW Products Group, created a Schools and Day Care Department responsible for the development of a full line of school and day care center learning materials which are scheduled to be marketed starting in the fall of 1974.

The new line will span a wide range of media including games, cassettes, filmstrips, puzzles and activity sets that incorporate the education and entertainment of *Sesame Street* and *The Electric Company*.

The Electric Company's first cast album won a Grammy, the record industry's highest award, as the best children's album of 1972. The prize winning album edged out another CTW record, "Sesame Street 2." The first *Sesame Street* cast album won the Grammy in the same category in 1971. All CTW albums have also received the National Association of Record Manufacturers award as the best selling children's album.

In another medium, "The Monster at the End of this Book," featuring *Sesame Street's* Grover, sold more than two million copies during its first year. The book sells for 39 cents. Publishing industry sources termed its sales "an all-time one year sales record for a single book." The Monster Book is a good example of the balance between educational and entertainment value CTW seeks in its products. Its story is designed to teach the very young child just what a book is: a series of entertaining pages which must be turned over for a reader to go from beginning to middle to end.

Another print media success was the *"Sesame Street* Magazine," the only publication exclusively for preschoolers. In September, 1972 the 32-page publication went from a comic book format to a larger standard magazine size, from newsprint to sturdy, high quality paper and moved from the comic book rack to the magazine stand and checkout counter displays. The publication's new format features brighter colors, new features and more activity pages for children.

CTW also plans a magazine and a comic book centering around *The Electric Company*. Like the show itself and the *"Sesame Street* Magazine," the new publication's contents will be extensively researched to help relate to the educational needs of the young children.

The licensed products are designed to appeal to children of various socio-economic backgrounds and are subject to exhaustive study and testing for durability, impact, safety, and educational and entertainment value by the Workshop's research division. An advisory group of child development specialists also works closely with CTW to make sure all products fulfill their prescribed educational goals.

Although based on the contents of *Sesame Street* or *The Electric Company*, the books and educational playthings carrying the names of the Workshop's experimental programs stand by themselves. Parents are reminded of this by a statement printed on each product that "it is not necessary to watch the show to get benefits from the products. They have been designed to have independent educational value."

The materials cover as broad a spectrum of the curriculum areas of the TV show as is practical. Moreover, certain educational goals not possible or effective through the television medium have been incorporated into the educational goals of the products. These include the development of physical dexterity, color labeling and recognition, and a general attempt to create familiarity with books as a medium of entertainment and learning.

In selecting the manufacturers, publishers and distributors of its products, CTW pays special attention to their ability to create an imaginative marketing program tailored to the special needs of inner-city residents. The majority of the *Sesame Street* and *The Electric Company* products are priced at $3 or less and a third of the products retail for less than $1.

CTW maintains creative and editorial controls over products carrying the *Sesame Street* and *The Electric Company* names. The Workshop and its licensees continue to follow a policy of limiting promotional and advertising efforts to messages aimed at adult and professional audiences. No products are advertised in any manner in which children can be enlisted as surrogate salesmen, pressuring parents to buy items. This ban includes advertising on television in or near any children's program.

Products introduced on the market in the past year include:

- A mini-marble computer that responds to correct matches of upper and lower case letters, numbers, pictures with initial consonants and common dot configurations with letters or numbers that are revealed by the touch of a button.

- A hand operated movie viewer with film cartridges of *Sesame Street* segments that teach such subjects as the alphabet, shapes and sizes.

- A puppet theater set designed to enable youngsters to use their imagination by putting on their own shows.

- A walking letters set that rewards correct spelling and lets the user know when words are spelled incorrectly.

- The bilingual *"Sesame Street* Magazine" and *"The Electric Company* Guide," and "Teacher Manual," the latter designed to help teachers and their pupils who view the TV program as part of their in-school reading curriculum.

- Story, pop-up, alphabet, number, song and coloring books.

- Hand, finger and pop-up puppets.

- Colorful puzzles that provide youngsters with experiences in relational concepts and problem solving.

- Activity items including an alphabet set, a press out stage set, word wheels and a number poster book.

Manufacturers, publishers and distributors with whom the Workshop had contracted through the spring of 1973 included: Child Guidance (Questor), Columbia Records, Colorforms, Dell Publishing, Fisher-Price, General Learning Corp., Ideal Toy Co., Irwin Toy

Advertisement above announced availability of CTW products including print materials that reinforce the curriculum of the television shows. The "Sesame Street Magazine" was enlarged from a comic book format to a larger standard magazine size. "The Electric Company Guide" has been expanded to enhance the lessons for elementary teachers and beginning readers.

Ltd. (Canada), King Features Syndicate, Milton Bradley, Playskool, Random House, Scholastic Magazines, Inc., Simon & Schuster, Time-Life Books, Warner Bros. Records, Western Publishing, and Xerox Educational Publications.

Product development costs are borne by the publishers and manufacturers and revenues the Workshop receives from sales are cycled back to support the Workshop and its educational projects.

International: As *Sesame Street* spread around the world receiving critical acclaim from educators, television producers and youngsters themselves, and as original versions of the show were introduced in Spanish-speaking Latin America, Brazil and Germany, also with wide acclaim, the need for an extension of the concept beyond the medium was apparent.

Although the creation of thoroughly researched educational materials for American youngsters continued to be the priority of the Workshop and its Non-Broadcast Materials Division, CTW is expanding its activities in this field to provide youngsters overseas with the stimulating toys, playthings and other products that proved effective in the U.S.

The Workshop began to establish business relationships with manufacturers, publishers or distributors in three major overseas markets—Latin America, Asia and in some European Common Market countries.

Books and records carry both educational and entertainment values. "Monster" book, for example, teaches young children just what a book is. The Electric Company's *first cast album, containing many curriculum songs from the show, won a Grammy as best children's album of 1972.*

A moment with a young friend on Sesame Street [illegible]
by Maria (Sonia Ma[illegible]) and Bob McGrath and Susan (Loretta Long)
[illegible] stantial [illegible]sts. CTW's two programs are [illegible]
[illegible] as seen in relation to their large [illegible]
Both cost less than a penny [illegible]
for each show [illegible]

Financial Highlights:

Educational Bargains

For Fiscal 1973 the revenues of the Children's Television Workshop amounted to $17,977,000. Expenses for the period which ran from July 1, 1972 to June 30, 1973, totaled $17,150,000.

The programs of outstanding quality that CTW was established to produce incur substantial costs. Yet *Sesame Street* and *The Electric Company* are educational bargains when their costs are seen in relation to their large audiences. The Workshop estimated that in its fourth season the cost of *Sesame Street*—including production, research and evaluation—was 47 cents per viewer for the 130 episodes, or only a third of a cent per one-hour program. Cost for *The Electric Company's* second season was 79 cents per viewer for the 130 programs, or only slightly more than half a cent per viewer for each show.

Cost per show remains well below comparable network prices for children's programming. An average *Sesame Street* episode costs $30,300 and *The Electric Company* about $33,300. Saturday morning commercial half hours for children cost in the range of $60,000.

Funds for production came primarily from the United States Office of Education and the Corporation for Public Broadcasting.

As anticipated, major private foundation funding has tapered off. (An exception to this is the proposed new health series to which several foundations have contributed.) CTW can no longer count on foundations for support of the ongoing programs. Nor can the Workshop rely on continuing revenue at the required level from its largest original funding source, the Office of Education, which announced a cut of 50 per cent in its support for Fiscal Year 1974—from $6,000,000 to $3,000,000.

Thus the Workshop has of necessity launched efforts to obtain revenue from a variety of other sources. One of these is non-broadcast materials. By mid-1973 there were 100 CTW products in the marketplace produced under licensing arrangements with leading publishers and manufacturers. CTW is also exploring the development of new products especially designed for classroom use. However, it is not likely that product revenues over the next several years will meet more than one-fifth of the Workshop's budgetary needs—even though there is no question the *Sesame Street* name is a most effective resource in the marketplace. During Fiscal 1973 total sales of CTW products at retail was approximately $43,000,000. After deducting sales costs and the costs of manufacturing and distributing the products, CTW's royalties from these sales amounted to only $1,995,000 or about 12 per cent of the current operating expenses of $17,150,000 for the year, despite the best royalty arrangements of any licensing company in the country.

CTW also has some income from the placement of its programs for broadcast abroad and from the production of versions of *Sesame Street* in Latin America and in Europe. This income is not very likely to increase. At least in its original English-language version, *Sesame Street* is now on the air almost everywhere it could be needed or wanted. At this level the revenues meet less than five per cent of the CTW yearly budget.

In 1972 the Ford Foundation gave the Workshop a special grant of $6,000,000, available over a seven-year period, to assist CTW in expanding its program-related activities to generate future means of support. The first application of these funds was investment in a cable television franchise in Hawaii in which CTW Communications Inc., a wholly owned subsidiary of the Workshop, holds a minority interest. Other possible applications being explored by CTW include the production of educational and general audience films and various audio-visual materials.

The Workshop has also considered approaching the public directly for funds.

The Workshop will continue to provide the highest quality of educational technology and programming to the greatest number of people at the lowest possible cost. Its evolution toward greater self sufficiency is necessarily long-range and gradual in nature, and for a period of years CTW must continue to rely upon traditional sources of funds for maintenance support. A major goal of the organization during this time will be to translate its popular and educationally effective successes into a secure financial base.

Major Sources of Revenues

For The Years Ended June 30, 1969 to 1973

(Dollars in thousands)

	1969	1970	1971	1972	1973
Revenues:					
Broadcast Activities:					
Sesame Street and The Electric Company:					
Department of Health, Education and Welfare (Office of Education)	$ 833	$3,167	$2,900	$ 7,000	$ 6,000
Corporation for Public Broadcasting		750	500	2,000	5,000
Carnegie Corporation of New York	100	1,400	600	1,000	500
The Ford Foundation	250	1,288	1,000	1,000	
The John and Mary R. Markle Foundation		250			
Mobil Oil Corporation				250	
3M Company	11	26			
Quaker Oats Company				25	
S. C. Johnson Co.				23	
Learning Resources Institute		150			
The Scherman Foundation			5	5	
Meridith Foundation		10			
Rogers Foundation			10		
Michigan State University			1		
Commercial Stations			115	241	304
Other		1			8
Total Sesame Street and The Electric Company	1,194	7,042	5,131	11,544	11,812
Health Show:					
The Robert Wood Johnson Foundation				37	237
The Ittleson Family Foundation					25
The John and Mary R. Markle Foundation					38
The Commonwealth Fund					100
Exxon Corporation					37
Van Ameringen Foundation, Inc.					37
The Grant Foundation, Inc.					25
Less unexpended amounts deferred				(37)	(188)
Health Show—net				—	311
Total Broadcast Activities	$1,194	$7,042	$5,131	$11,544	$12,123
Non-Broadcast Activities:					
Periodicals:					
Mobil Oil Corporation grant			$ 250		
Magazine sales and subscriptions		$ 104	418	$ 1,008	$ 1,051
Educational Products—net royalties			858	1,193	944
Other			5		
Total Non-Broadcast Activities		$ 104	$1,531	$ 2,201	$ 1,995
Foreign Language Production:					
Xerox Corporation—Plaza Sesamo and Vila Sesamo				$ 1,000	
Less unexpended amounts deferred				(740)	$ 740
Development and licensing of production rights					600
Total Foreign Language Production				$ 260	$ 1,340
Special Purpose Funds:					
New Jersey State College (Vineland)			$ 115		
U.S. Department of Labor				$ 52	$ 21
Spencer Foundation				51	
Harvard University					20
Roberson Foundation					10
Ken Foundation				25	
Less unexpended amounts deferred				(61)	61
Total Special Purpose Funds			$ 115	$ 67	$ 112
Capital Development Activities:					
The Ford Foundation Inc.					$2,000

Note: This schedule is not covered by the report of Arthur Andersen & Co.

Auditors' Report

To the Board of Trustees of Children's Television Workshop:

We have examined the consolidated balance sheet of Children's Television Workshop (a New York educational not-for-profit corporation) and subsidiaries as of June 30, 1973, and the consolidated statement of revenues, expenses and changes in fund balances for the fifty-two week period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of Children's Television Workshop and subsidiaries as of June 30, 1973, and their revenues, expenses and changes in fund balances for the fifty-two week period then ended, in conformity with generally accepted accounting principles which, other than for the changes (with which we concur) in accounting for (1) special purpose grants, (2) Workshop staff effort related to television broadcasts in process, and (3) royalties, described in Notes 1 and 5 to the financial statements, were applied on a basis consistent with that of the preceding period.

Arthur Andersen & Co.

New York, New York, August 30, 1973

Consolidated Balance Sheet

June 30, 1973

Assets

Current assets:	
Cash, including $1,889,287 in certificates of deposit and savings accounts	$2,017,200
Receivables:	
Program and other royalties	597,600
Other, less uncollectible accounts of $30,662	105,200
	702,800
Prepaid expenses:	
Television broadcasts in process for 1973-74 season (at cost)	1,417,000
Other	217,900
	1,634,900
Total current assets	4,354,900
Certificate of deposit, held in trust for capital investment (Note 3)	500,000
Furniture, equipment and leasehold improvements, at cost, net of $69,200 accumulated depreciation and amortization	620,200
	$5,475,100

Liabilities and Fund Balances

Current liabilities:		
Accounts payable		$ 529,400
Accrued expenses		1,211,500
Deferred revenue (Note 1):		
Special purpose grants		205,000
Royalties and subscriptions		454,300
Total current liabilities		2,400,200
Deferred royalties and subscriptions, less current portion included above (Note 1)		113,100
Deferred rent (Note 2)		213,100
Fund balances:		
General Fund:		
Invested in furniture, equipment and leasehold improvements	$620,200	
Available for program development and contingencies	529,900	1,150,100
Capital Development Fund (Note 3)		1,598,600
		2,748,700
		$5,475,100

The accompanying notes to consolidated financial statements are an integral part of this balance sheet.

Consolidated Statement of Revenues, Expenses and Changes in Fund Balances

For The Fifty-Two Weeks Ended June 30, 1973

	Total	Operating Activities	Capital Development Activities
Revenues:			
Grants (Exhibit)	$9,671,800	$7,671,800	$2,000,000
Program royalties:			
Domestic (Exhibit)	5,303,400	5,303,400	
Foreign	2,335,600	2,335,600	
Sales of foreign language production rights	600,000	600,000	
Magazine sales and educational material royalties	1,994,500	1,994,500	
Interest and other income—net	124,300	71,500	52,800
Total revenues	**$20,029,600**	**$17,976,800**	**$2,052,800**
Expenses:			
Domestic production of programs:			
Sesame Street	3,933,600	3,933,600	
The Electric Company	4,323,100	4,323,100	
Health Show	311,800	311,800	
Total	8,568,500	8,568,500	
Duplication and distribution of licensed programs	840,800	840,800	
Foreign language production:			
Plaza Sesamo	1,280,800	1,280,800	
Development and licensing of production rights	218,500	218,500	
Magazine publishing and development of educational materials	1,839,100	1,839,100	
Educational research	833,300	833,300	
Community education services	1,075,500	1,075,500	
Public affairs	729,100	729,100	
Development of self-support projects (Note 3)	394,200		394,200
General and administrative	1,824,400	1,764,400	60,000
Total expenses	**$17,604,200**	**$17,150,000**	**$454,200**
Revenues in excess of expenses before effect of changes in accounting principles	2,425,400	826,800	1,598,600
Cumulative effect on prior years of changes in accounting principles (Note 5)	(749,300)	(749,300)	
Revenues in excess of expenses	1,676,100	77,500	1,598,600
Fund balances, beginning of period	1,072,600	1,072,600	
Fund balances, end of period	**$2,748,700**	**$1,150,100**	**$1,598,600**

The accompanying Exhibit and notes to consolidated financial statements are an integral part of this statement.

Statement of Grants and Domestic Program Royalties

For the Fifty-Two Weeks Ended June 30, 1973

	Operating Activities	Capital Development Activities
Grants:		
Sesame Street & The Electric Company:		
Department of Health, Education & Welfare (Office of Education)	$6,000,000	
Carnegie Corporation of New York	500,000	
Other	8,000	
Total	**$6,508,000**	
Capital Development Activities—The Ford Foundation		$2,000,000
Plaza Sesamo and Vila Sesamo:		
Xerox Corporation	1,000,000	
Less amount expended in prior year	(260,000)	
Total	740,000	
Health Show:		
The Robert Wood Johnson Foundation	237,500	
The Ittleson Family Foundation	25,000	
The John & Mary R. Markle Foundation	37,500	
The Commonwealth Fund	100,000	
Exxon Corporation	37,500	
Van Ameringen Foundation, Inc.	37,500	
The Grant Foundation, Inc.	25,000	
Less unexpended amounts deferred	(188,200)	
Total	311,800	
Other, less unexpended amounts deferred of $16,800	112,000	
Total Grants	**$7,671,800**	**$2,000,000**
Domestic Program Royalties:		
Corporation for Public Broadcasting	$5,000,000	
Commercial Stations	303,400	
Total Domestic Program Royalties	**$5,303,400**	

The accompanying notes to consolidated financial statements are an integral part of this exhibit.

Notes to Consolidated Financial Statements

June 30, 1973

1. Summary of Accounting Policies:

Grants

Unrestricted grants are recognized as income upon receipt of official notification from the grantor. Special purpose grants are recorded in income as related costs are incurred (See Note 5). The balance of special purpose grants received in excess of costs incurred are reflected as "Deferred Grants" in the balance sheet. Grants which are specified as to time of use are recorded in income on the first day of the period to which the time designation applies.

Royalties

Royalties from publishing, recording and educational playthings are recorded in income as earned (See Note 5).

Program royalties for contracts entered into prior to July 2, 1972 are recorded in income over the period during which the program is broadcast and the related costs are amortized over corresponding periods.

In accordance with the recommendations of the Committee on the Entertainment Industries of the American Institute of Certified Public Accountants, the Workshop adopted the policy, for contracts entered into subsequent to July 1, 1972, of recognizing program royalties and related costs upon commencement of the license period. This change had the effect of increasing revenues in excess of expenses by approximately $638,000 for the period ended June 30, 1973.

Production Costs

Program production costs including direct Workshop staff effort applicable to established program formats are recorded as "Television Broadcasts in Process" in the balance sheet until the first airing of the related programs at which time such costs are charged to expense (See Note 5). Creative and pilot production costs in connection with new shows are expensed as incurred.

Depreciation and Amortization

Furniture and equipment are depreciated on a straight-line basis over their estimated useful lives which range from five to ten years. Leasehold improvements are amortized over the term of the lease.

Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiaries; intercompany accounts have been eliminated.

2. Long-term Lease:

The Workshop rents office space under a long-term lease which expires in 1987. Aggregate minimum rentals under the terms of the lease are approximately $689,000 annually, prorated by the Workshop evenly over the remaining term of the lease. The rent is payable as follows: $370,000 in 1973, $555,000 in 1974 and 1975, and $740,000 annually thereafter. The excess of the $583,000 recorded as expense over the $370,000 actually paid in fiscal 1973 is reflected in the accompanying balance sheet as "Deferred Rent."

The Workshop has the option of surrendering approximately 25% of the space in 1975.

3. Capital Development Fund:

During the 1973 fiscal year the Workshop initiated projects designed to develop capital through expansion into program-related areas to generate means of future self-support, thereby reducing dependence on government and foundation grants. In response to a proposal submitted by the Workshop, The Ford Foundation provided a grant in the amount of $2,000,000 to be used primarily for this purpose.

Through a wholly-owned subsidiary, the Workshop has entered into an agreement to acquire, for $500,000 24% of the capital stock of Cablevision Holdings, Inc., which was granted a CATV franchise on August 30, 1973 to serve the bulk of the city of Honolulu and of the island of Oahu in Hawaii. A certicate of deposit in the amount of $500,000 was held in trust for this purpose at June 30, 1973.

4. Retirement Plan:

The Workshop has a contributory retirement plan which covers certain employees from date of employment and other employees after one year of service. The Workshop's contributions, which are funded currently, were approximately $159,000 in 1973.

5. Changes in Accounting Principles:

Prior to July 2, 1972, the Workshop had the following policies:

(a) Special purpose grants were recorded in income upon notification from the grantor.

(b) Direct workshop staff effort related to television broadcasts in process was expensed as incurred.

(c) Nonrefundable royalty advances were recorded in income when received.

Effective July 2, 1972, the Workshop changed its method of accounting for the above items to the methods discussed in Note 1, in order to provide a better matching of revenues and expenses. The cumulative effect of these changes on prior periods is as follows:

	Total	General Fund	Special Purpose Fund
Fund balances, beginning of period	$1,072,600	$458,300	$614,300
Increase (decrease):			
(a) Special purpose grants recorded in income as costs are incurred	(838,000)		(838,000)
(b) Direct workshop staff effort related to television broadcasts in process	223,700		223,700
(c) Nonrefundable royalty advances recorded in income as earned	(135,000)	(135,000)	
	(749,300)	(135,000)	(614,300)
	$323,300	$323,300	$ —

These changes had the effect of decreasing revenues in excess of expenses by approximately $124,000 for the period ended June 30, 1973.

6. Tax-Exempt Status:

The Workshop is an educational not-for-profit organization exempt from Federal income taxes in accordance with the provisions of Section 501 (c) (3) of the Internal Revenue Code.

7. Subsequent Events:

Subsequent to June 30, 1973 the Workshop received additional grant commitments for the Health Show project, in the amount of $450,000. In addition, the Corporation for Public Broadcasting has agreed to pay the Workshop $5,000,000 pursuant to an agreement covering domestic broadcasts of Sesame Street and The Electric Company for the 1973-74 season. Discussions with respect to additional grant commitments are presently in progress.

Since June 30, 1973, the Workshop has negotiated short-term bank borrowings of approximately $1,500,000 on an unsecured basis to finance current operations.

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Corporate Counsel:

Paul, Weiss, Rifkind, Wharton & Garrison

Auditors:

Arthur Andersen & Co.

-ly

Cartoons and music are combined in this animated segment from The Electric Company *designed to teach the ly ending to words. The character at left joins up with a number of words to the accompaniment of music and lyrics composed and sung by Tom Lehrer. The film reflects findings by* The Electric Company *research staff that emphasis on right-to-left scanning on the screen helps poor readers.*

You're wearing your squeaky shoes and right there taking a snooze is a tiger. So how do you walk on by?

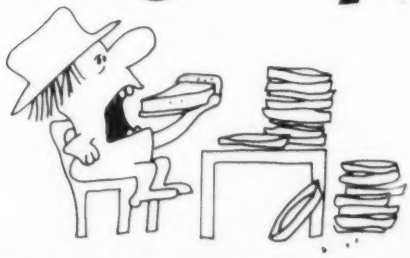
silently

In the public library you fall and hurt your knee but the sign says "Quiet Please". So how can you cry?

quietly

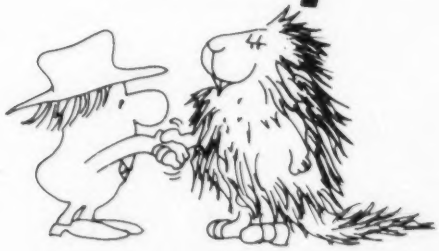
At an eating contest you boast that you can eat the most. How do you down your fiftieth piece of pie?

eagerly



As you walk along the street a porcupine you meet. How do you shake his hand when he says "Hi?"

carefully



September 1973 Printed on recycled paper

Sesame Street, The Electric Company and the Sesame Street signs are trademarks of the Children's Television Workshop.

Additional information about the Workshop may be obtained from the Office of Public Affairs,
Children's Television Workshop,
1 Lincoln Plaza, New York, New York 10023